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DIA, JCS and DOS review(s) completed.

CENTRAL INTELLIGENCE BULLETIN

CURRENT INTELLIGENCE RELATING TO NATIONAL SECURITY

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*Vietnam: (Information as of 4:30 AM EST)

Political Developments in South Vietnam: The eruption of violence between government troops and students in Da Lat yesterday may have serious repercussions unless both the Ky government and its critics exert major calming efforts.

Three students and one soldier were killed during a fracas in which security forces fired above and into 800 demonstrators in an attempt to disperse them. The incident began with an exchange of insults and fistfighting between student leaders and paramilitary troops. Military reinforcements have been sent to the town, which has quieted down under tight curfew.

There were no incidents yesterday in I Corps, where the new commander, General Dinh, and Buddhist leaders apparently continue to use persuasive tactics to restore order. Tri Quang told a US Embassy officer, apparently before learning of the Da Lat events, that he had found it "somewhat difficult" to "defuse" the situation, but that Buddhist demonstrations would resume only if the government betrayed its promises or tried to remove either General Dinh or the 1st Division commander, General Nhuan.

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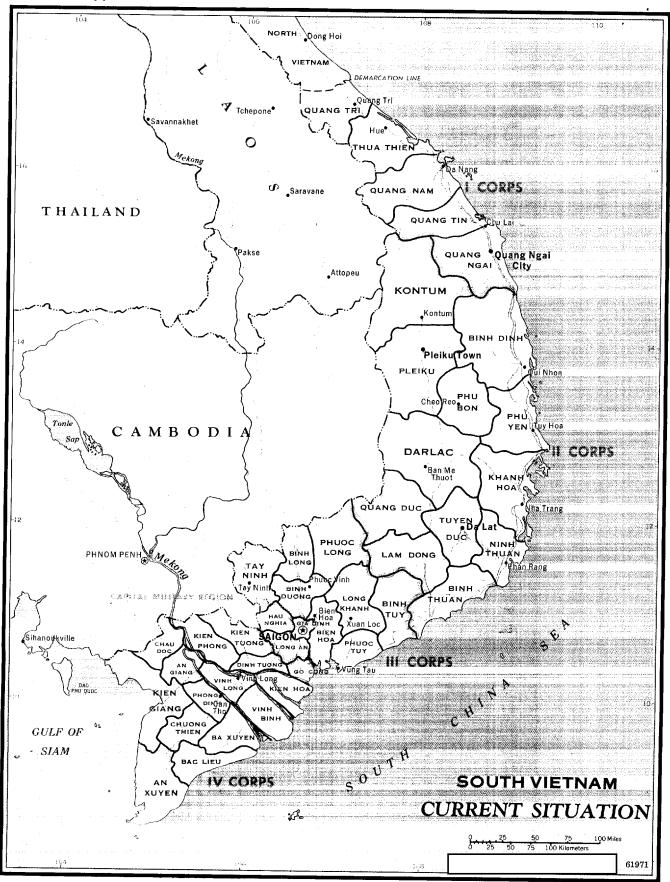
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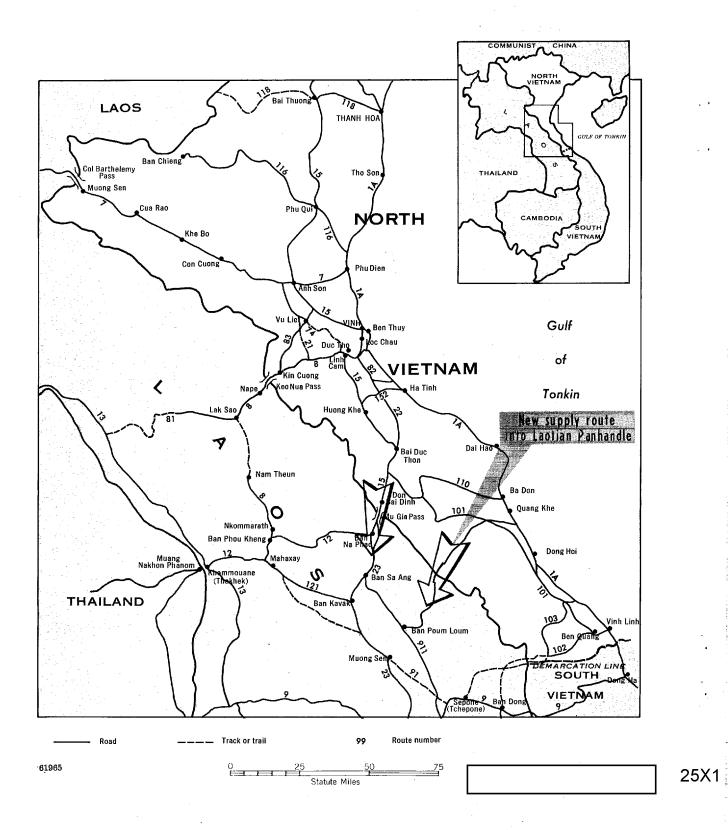
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Military Security Service chief Colonel Loan, an advocate of strong measures against antigovernment groups, told an American observer in Saigon yesterday that Premier Ky had named him to take over the national police directorate from Colonel Lieu, a Thi sympathizer. Previously, Ky had been hesitant to replace Lieu because several cabinet members had threatened to resign if Lieu were dismissed. Loan claims that he accepted the post after Ky agreed, generally, to assume a senior armed forces position, once a civilian government is formed, rather than return to his air force command. This arrangement apparently would lead to a purge of politically tainted generals from the armed services. 7

The Military Situation in South Vietnam: Heavy fighting broke out yesterday between four US/South Vietnamese battalions, operating six miles northwest of Quang Ngai city, and enemy elements believed to be from the 1st Viet Cong Regiment. The allied troops, reinforced and receiving continuous artillery and air support, have so far killed 257 Viet Cong, captured 18, and seized 111 weapons. Friendly losses are 12 killed (5 US) and 75 wounded (31 US). The allied operation was initiated early yesterday to search out and destroy a regimental headquarters and two enemy battalions reported in the area.

Communist forces yesterday shelled the new US airfield at Pleiku with 20 to 25 rounds of mortar fire, reportedly launched from the vicinity of a South Vietnamese ammunition dump which made retaliatory fire impossible. Preliminary information indicates that three Skyraiders—two US Air Force A-1Es and one Vietnamese A-1G—were destroyed and three damaged. Two US and four South Vietnamese personnel were wounded. Attacks such as this one, the fourth against a US airstrip within ten days, are possibly intended to restrict allied air activity and facilitate enemy movements in advance of the southwest monsoon period. Such actions offer the Communists the possibility of maximum psychological gain at minimal risk to their own forces.



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Communist Political Developments: A captured Viet Cong document has provided evidence that the Communists expect negotiations for a cease fire to be the first step toward a political settlement of the war. The document contains the minutes of a military intelligence conference conducted in early 1965 by the Central Office for South Vietnam, Hanoi's chief command post in the South.

The document indicated that the Communists believe the fighting could continue while both sides discuss a cease fire as a first step toward a settlement. They also envisage the possibility that a cease fire and negotiations for a settlement will occur at the same time. The document noted that this could happen only when the Communists had won "complete victory and the enemy has to capitulate."

The document suggests that the Communists do not believe they can achieve a satisfactory settlement short of a total victory on the battlefield. In the event that they find it necessary to start negotiations prior to such a victory, the document indicates, they will take advantage of the discussions to prepare to "launch the general offensive--a general uprising for a complete victory."

Other Developments: The North Vietnamese appear to have completed a second supply route into the Laotian infiltration corridor, providing an alternate to the Route 12/15 artery leading through Mu Gia Pass. Photography of 13 April indicates that the new route—under construction for several months—may soon be capable of handling light through traffic between Route 101 in North Vietnam and Route 911 in the Laotian panhandle. The location of the new road suggests that the Communists may be planning to use the limited port facilities in the Quang Khe area as an eastern supply terminus.

<u>USSR</u>: The Soviet Union is apparently increasing the personnel strength of its armed forces, reportedly in response to the build-up of US forces resulting from the Vietnamese war.

A Soviet Ministry of Defense official told the US Army attaché in Moscow earlier this week that the USSR had increased its forces to "keep pace" with the US. Although he refused to give a specific strength figure, he said that three million was "realistic."

Early in 1965 the Soviet armed forces were estimated to number 2.8 to 2.9 million men. Subsequent evidence has indicated an increase since then.

NATO - West Germany - France: West Germany's tough draft response to the French aide memoire of 29 March is a further indication that an accommodation on the issue of French forces in Germany will be difficult.

In the draft note, Bonn pointedly asks for an explanation of the extent to which French forces will continue to cooperate with NATO. The draft reply also states that once French forces in Germany are removed from NATO assignment, they will lose their right to remain on German soil under existing agreements signed by Germany and her NATO allies in 1954. Bonn expresses its willingness to write a new agreement, which it maintains should give German officials "appropriate authority" over French forces. It cites as a model the agreement on Bundeswehr troops in France.

French forces are scheduled to depart from NATO on 1 July, and Bonn has stressed the importance of reaching agreement by that date. The Germans hope for final approval of their draft by the US - UK - West German working group by 25 April, and plan then to submit it to the other 11 allies on the North Atlantic Council. Since the questions posed by the Germans in their note raise the whole issue of future French cooperation with NATO, some of the allies may object to approaching such a general showdown at this time.

<u>UK-Rhodesia:</u> Britain is once again faced with the prospect of employing more drastic measures to bring down the Smith regime.

South African Prime Minister Verwoerd has refused to halt the flow of oil to Rhodesia or to act as intermediary in negotiations with Rhodesia. Continued South African intransigence could lead to further pressure from the Africans at the UN for sanctions directed at South Africa.

In this event Britain would be faced with grave choices. A veto of such a resolution would do serious damage to its relations with the black African states. On the other hand, if Britain allowed this type of resolution to get through, it runs the risk of escalating this crisis throughout all of southern Africa. Britain would also risk disrupting its trade with South Africa, and endanger its already shaky balance-of-payments position. South Africa's total trade with Britain amounts to nearly one billion dollars a year, exclusive of another billion dollars in gold sales.

British Foreign Secretary Stewart, in a recent talk with Secretary of State Rusk, implied that his government is considering more extreme measures to bring the rebellion to an end. Stewart said that the decision had been reached in London to consider the "starkest" possibilities.

Iran: The Shah is showing signs of increasing restiveness in his relations with the US, particularly with regard to his desire to purchase additional military equipment.

The Shah has told the US Embassy that he wants the US to decide well before 26 May whether or not it is going to sell him the arms he asked for some months ago. He has apparently set this deadline so that, if necessary, he can put other procurement measures in motion before he leaves on an official visit to Rumania.

The Shah is anxious for equipment to bolster defenses in southern Iran and the Persian Gulf, which he believes are endangered by the ambitions of UAR President Nasir. He continues to feel that the US does not fully appreciate the Egyptian threat to the area.

The Shah has assured the US ambassador on previous occasions that his threat to purchase arms elsewhere is not a bluff. He says he hopes that the issue will not become "another steel mill business"--a reference to the Irano-Soviet steel mill agreement that was concluded after some 30 years of unsuccessful negotiations with the West 1

The US Embassy believes, moreover, that the Shah is increasingly impatient with US insistence on approving arms purchases only in the context of an annual joint review of the Iranian economy and military needs. The Shah feels this is incompatible with Iran's new "independence."

A further irritant is provided by the Shah's insistence that the international oil consortium is not increasing oil production at a fast enough rate. He believes that Iran's economic and military needs could be easily met if the consortium would be more "cooperative" and has threatened to "reorient" Iran's trade if it is not.

<u>Dominican Republic</u>: Juan Bosch is keeping alive the possibility that he may withdraw from the 1 June elections in the face of what he claims is a serious deterioration in the election climate caused by the leaders of the armed forces.

In a meeting with US Embassy officials on 19 April, Bosch said that since his nomination on 10 April, military leaders had begun acting "politically" to assure his party's defeat. He accused military and police elements of distributing anti-Bosch leaflets and using terrorism to intimidate his supporters.

Bosch predicted that conditions will grow steadily worse before the elections, which he characterized as premature and badly organized. Reiterating his preconvention statements that he really did not want to be a candidate, Bosch said he saw no possibility of governing and described himself as a "cow headed for the slaughterhouse."

Bosch raised the specter of violence during the 24-30 April anniversary celebrations. He said that former rebel leader Hector Aristy had been impetuous in committing his newly formed 24th of April Movement to public observances, and implied doubts of Aristy's ability to control his Communist political associates.

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treme leftist elements are planning to use the anniversary demonstrations to repudiate US intervention and provoke violent incidents. Bosch has publicly warned his party not to participate in outdoor demonstrations.

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strations.

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India: Agriculture Minister Subramaniam has told Ambassador Bowles that the food situation in India now appears manageable as a result of US grain commitments. He estimated April grain imports at a satisfactory monthly level of about 1.2 million tons. This optimism may be dampened somewhat by the reported strike by grain handlers at the northwestern port of Kandla, which cleared one million tons of grain last year. A prolonged stoppage at one of India's major harbors would seriously impede New Delhi's efforts to build up stocks before the early June onset of the monsoon rains, which will cut grain import capacity by about 25 percent.

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Malaysia-Singapore-Indonesia: The Malaysian Government's new travel restrictions on Singapore residents entering Malaysia reflect Kuala Lumpur's objection to the possible establishment of an Indonesian presence in Singapore. Djakarta announced its intention to recognize Singapore several weeks ago but has taken no further action. Since Singapore's Prime Minister Lee Kuan Yew is painfully aware of the damaging economic sanctions Malaysia can employ, he is unlikely to agree to any resumption of ties with Indonesia without Kuala Lumpur's approval.

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Israel-Jordan: The exchanges of fire between Israeli and Jordanian border patrols on 19 and 20 April were probably initiated by local units and do not indicate a desire to increase tension on the part of either government. However, the death of an Israeli officer in the 19 April incident may well lead Israel to make tougher responses in any future incident in this area.

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The Director of Naval Intelligence, Department of Navy

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